

23 July 2012

**QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 30 JUNE 2012**

St George Mining Limited (ASX:SGQ) (“St George Mining”), a gold and nickel focused exploration company, presents its Quarterly Activities Report for the period ended 30 June 2012.

EAST LAVERTON GOLD EXPLORATION

During the quarter, the Company completed the technical review of exploration work undertaken during the 2011 field campaign. The Company announced the results of its 2011 field campaign in the ASX Release dated 8 June 2012, a copy of which is available on our website at www.stgm.com.au/asx-announcements.html.

In summary, the 2011 field campaign has been successful in confirming the potential of the East Laverton Property to host significant gold mineralisation. Key milestones achieved are:

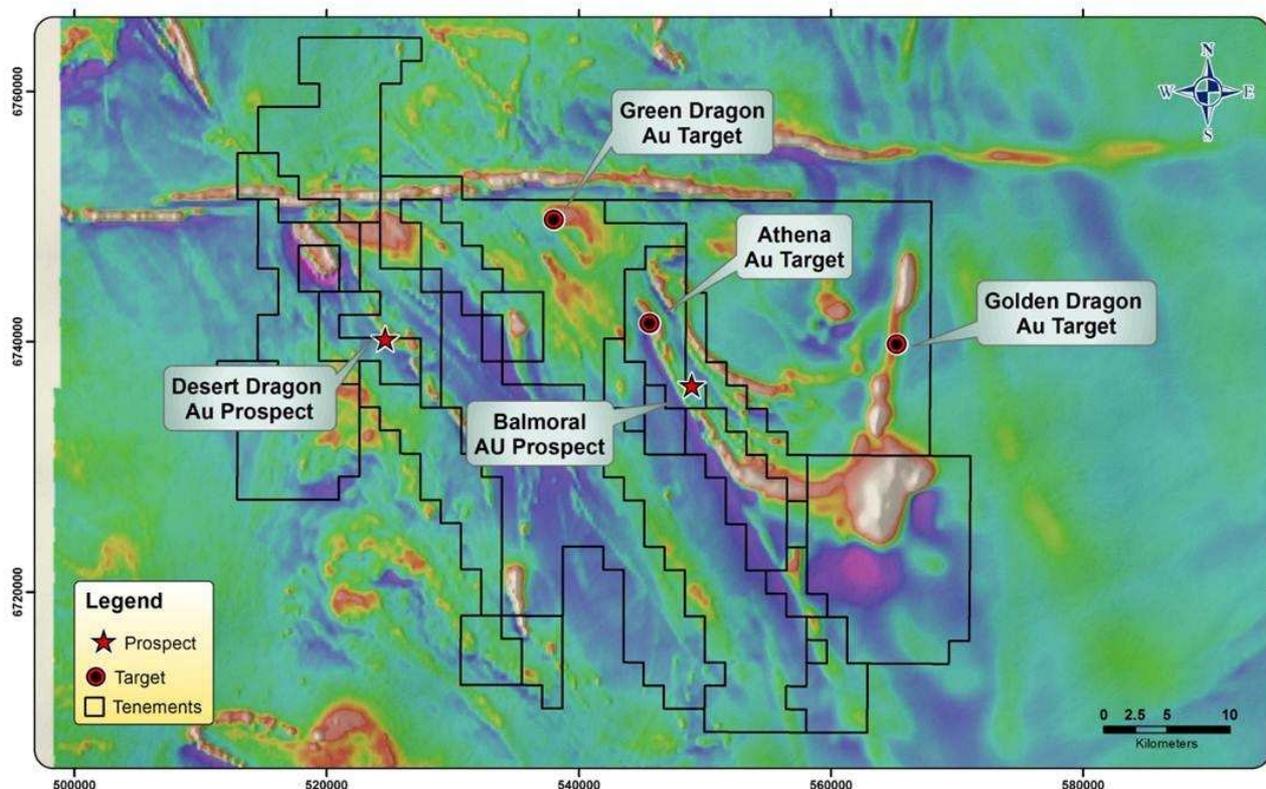
1. Drilling at the Desert Dragon and Balmoral gold prospects intersected visibly altered basement rocks with significant intervals of disseminated sulphides.
2. Assay results returned numerous intervals of anomalous gold mineralisation throughout the drill holes, confirming large gold systems at Desert Dragon and Balmoral as well as confirming the link between bedrock mineralisation and surface geochemical anomalies.
3. An airborne magnetics survey over the Balmoral area identified a strong magnetic response associated with the unusual gold and molybdenum (Au + Mo) geochemical anomalies. Drilling of the area confirmed a link to late-stage mafic granites, which suggests mantle derived hydrothermal gold fluids and strong potential for high grade gold.
4. At the Athena prospect, a review of an existing multi-element MMI (“mobile metal ion”) survey and the airborne magnetic data confirmed a gold-silver-copper anomaly occurring over 1,000 m in a structurally controlled mafic corridor between two granites – a typical structural setting for gold mineralisation.
5. A regional multi-element MMI soil geochemical survey conducted in the north of the East Laverton Property has defined a new gold anomaly (“Green Dragon”) over a northerly 5,000 m trend.

The Company engaged external consultants to assist in the interpretation and review of certain aspects of the exploration work undertaken at East Laverton, and this work was completed during the quarter.

Dr Alan Mann, a well known geochemist and expert on MMI exploration geochemistry, was engaged to review and comment on the MMI surveys completed at East Laverton. SRK Consulting was engaged to review the prospectivity of the Red Dragon prospect.

Southern Geoscience Consultants was retained to model and interpret the airborne magnetic survey flown in 2011 over an area that included the Balmoral and Red Dragon prospects.

Key gold targets and prospects at the East Laverton Property are shown in the figure below.



St George Mining Limited East Laverton Project Tenements Over Aeromagnetics

2012 Field Programme

St George Mining is currently planning its 2012 drilling campaign which is likely to consist of further RC drilling at Desert Dragon and Balmoral as well as test drilling at Green Dragon, Athena and Golden Dragon.

Further geophysical analysis of the 2011 airborne magnetic survey is continuing by Southern Geoscience Consultants. The interpretation of this analysis and the MMI survey data will assist in defining priority gold drill targets for 2012. A number of prominent high grade gold targets have already been identified and the Company expects to significantly advance its gold exploration during 2012.

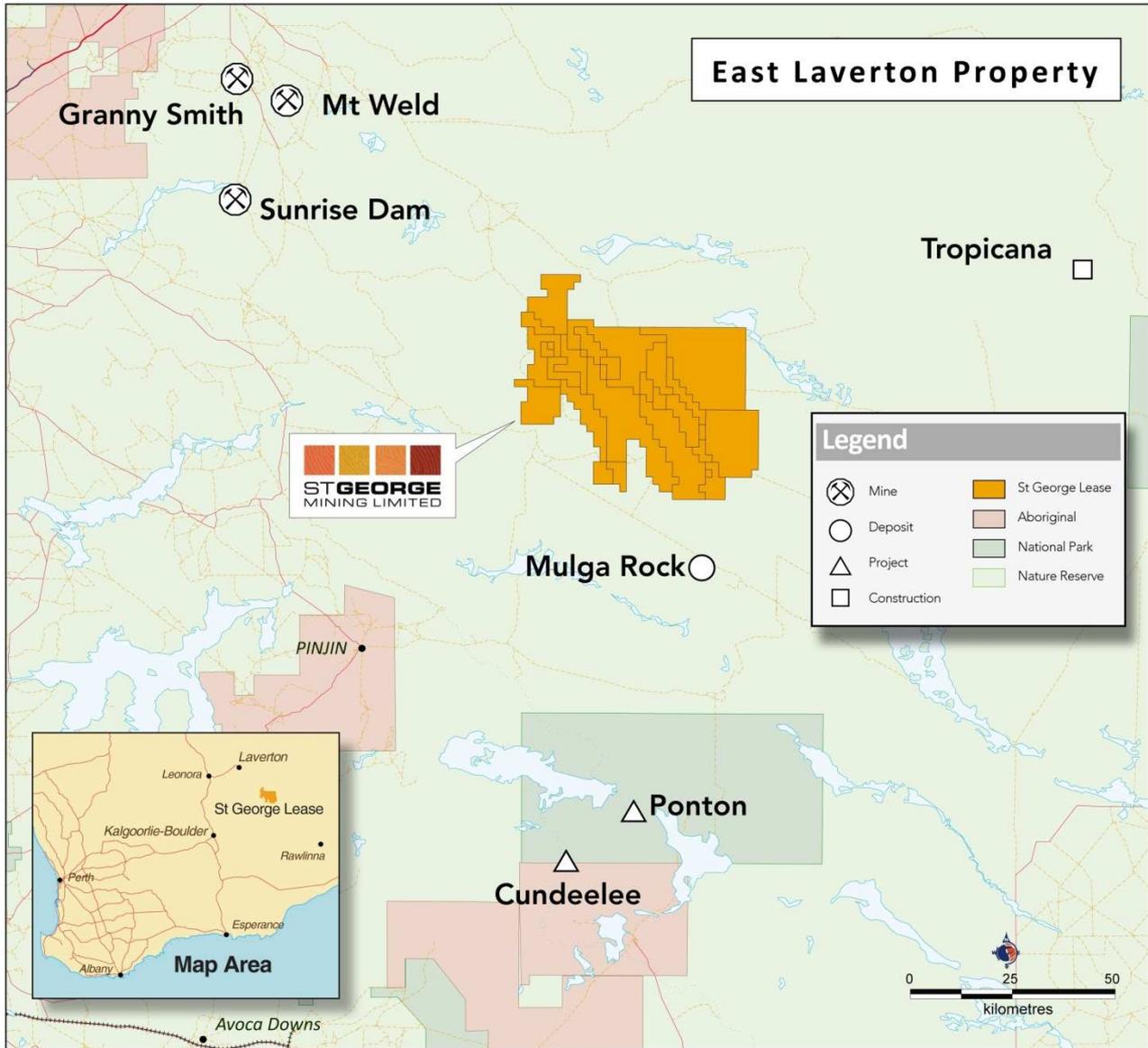
EAST LAVERTON RARE EARTHS POTENTIAL - RED DRAGON

During the quarter, a technical review was completed on the MMI soil geochemical survey and airborne magnetics survey that were completed over part of Red Dragon during the 2011 field season.

The MMI survey over Red Dragon identified a large and prominent geochemical signature indicative of a carbonatite that is prospective for rare earths. For more details on this discovery, see the Company's ASX Release dated 7 June 2012 and available on our website at www.stgm.com.au/asx-announcements.html.

Typically, carbonatites may host large concentrations of rare earth elements and rare earth metals. The Lynas Corporation Ltd ("Lynas") Mt Weld project is a carbonatite pipe that is approximately 2.5 km in diameter and hosts one of the richest known deposits of rare earths in the world. Mt Weld is located about 130km NW from Red Dragon and both have similarities in their structural setting.

The regional map below indicates the proximity of St George’s tenements to major rare earths and gold projects in the region.



The current alteration footprint at Red Dragon has been defined over a 28 km² (7 km long x 4 km wide) area, and the system remains open in all directions. The MMI survey will be expanded to test the portions of the Red Dragon prospect not covered by the initial 2011 survey for extensions to the carbonatite alteration.

The detailed airborne magnetic survey flown by St George Mining in late 2011 will undergo further sophisticated modelling to assist in delineating the intrusive related system including the depth of cover.

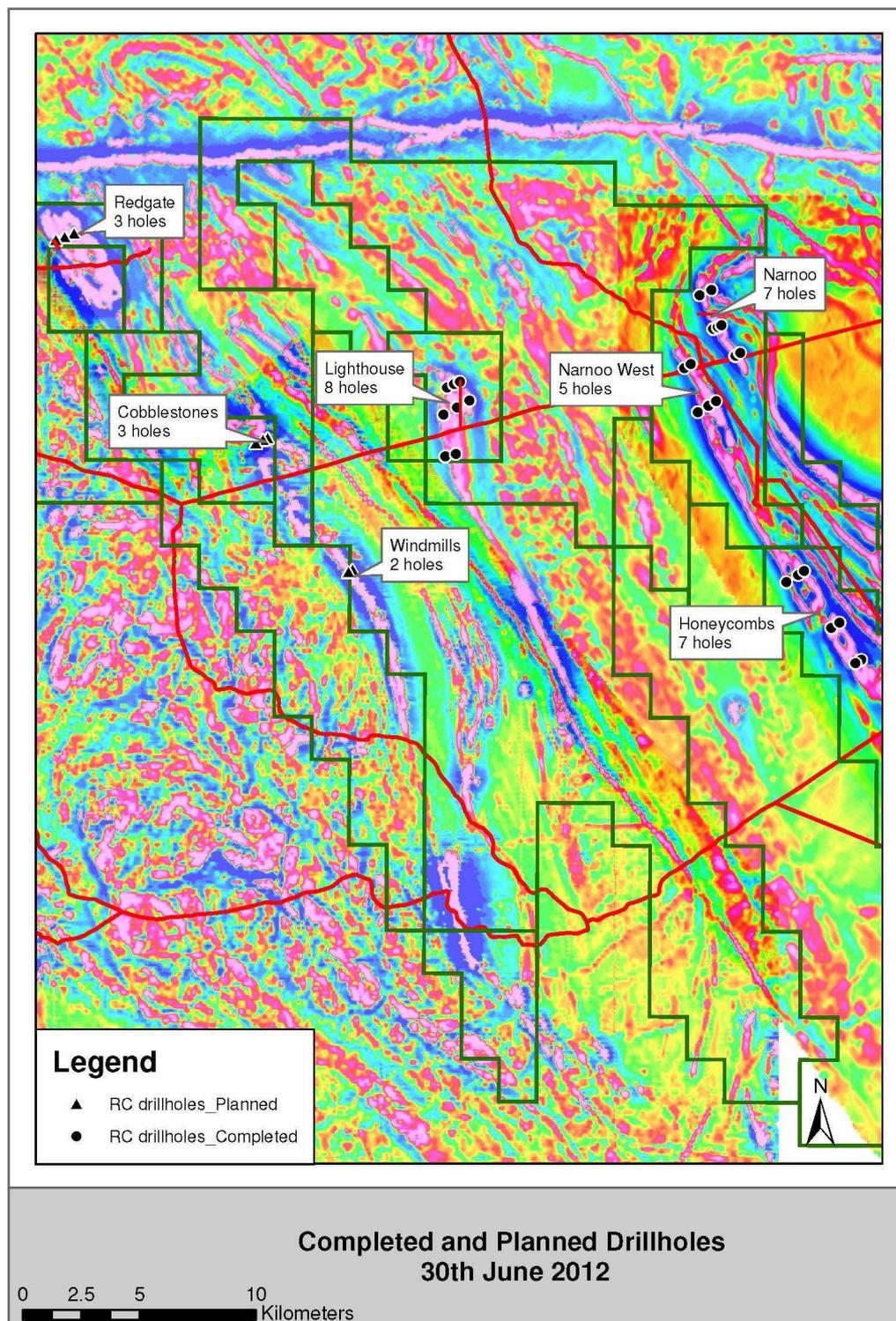
Drill targets will be defined at Red Dragon after evaluation of all the geochemical and geophysical data. A test drilling programme will be scheduled as soon as practicable with likely timing being late 2012 or early 2013.

NICKEL EXPLORATION – PROJECT DRAGON

St George Mining, through its wholly own subsidiary Desert Fox Resources Pty Ltd, has a Farm-in Agreement with BHP Billiton Nickel West Pty Ltd in regard to the nickel rights at a certain number of the tenements at the East Laverton Property.

The reverse circulation (RC) drilling programme to test for the potential of nickel sulphides commenced during the quarter and is funded by BHP Billiton.

By the end of the quarter, 27 holes had been completed for 6,700 metres drilled. The drilling activity is scheduled to be completed in July 2012. The following figure illustrates the planned RC drill holes on the tenements at the East Laverton Property.



Assay results for the drilling programme are pending and are expected during Q3 and Q4 2012.

Further details on the Project Dragon farm-in arrangement are contained in the ASX Release dated 6 April 2011 issued by St George Mining and on our website at www.stgm.com.au/project-dragon.html.

EAST LAVERTON TENEMENTS

St George Mining has 100% ownership of 26 granted Exploration Licences at the East Laverton Property.

This includes the 3 remaining applications for Exploration Licences which were granted during the quarter: E39/1655 was granted on 20 April 2012, and E39/1666 and E39/1667 were both granted on 25 June 2012.

PINE CREEK PROPERTY - EXPLORATION ACTIVITIES

During the quarter, the Company completed a comprehensive review of exploration work completed in 2011 as well as the historical exploration carried out by Homestake Gold Australia Ltd (HGAL).

The results of this review were announced by the Company in its ASX Release dated 27 June 2012, a copy of which is available on our website at www.stgm.com.au/asx-announcements.html.

Exploration activity by St George Mining during 2011 included:

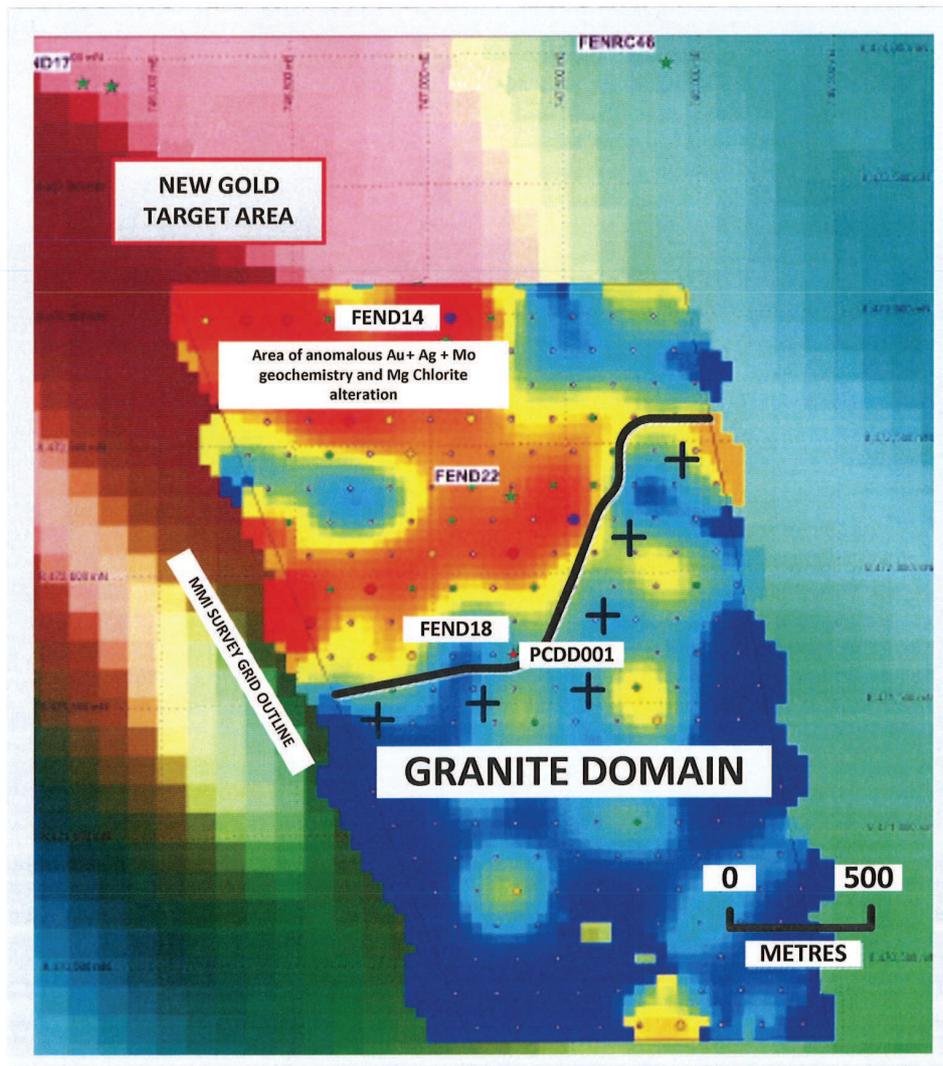
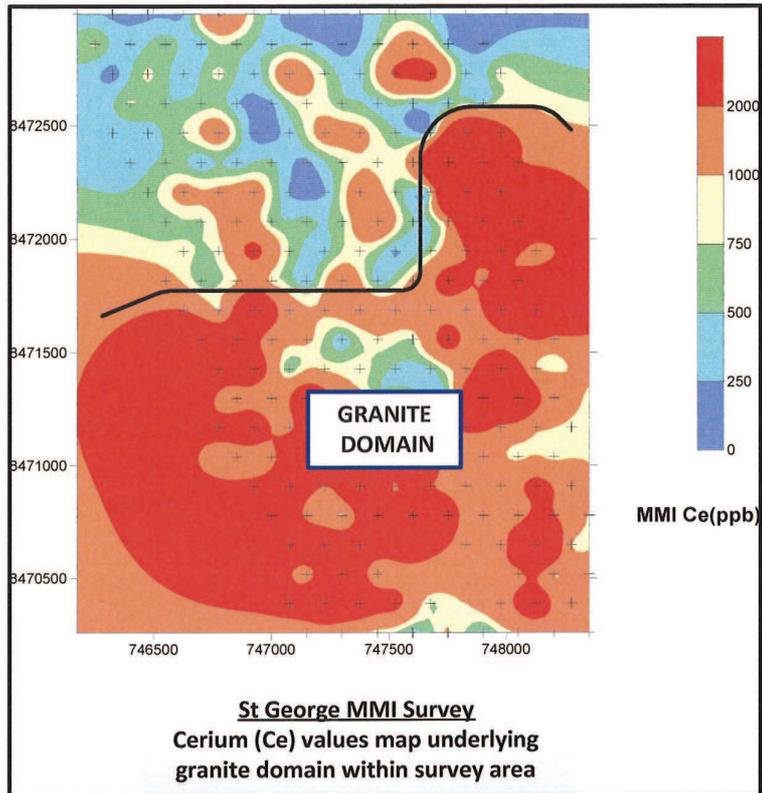
1. the re-logging of the two historical diamond holes drilled by HGAL;
2. conducting a multi-element MMI soil geochemical survey that covered and in-filled an older MMI gold survey by HGAL; and
3. the drilling of the diamond drill hole PCDD001.

The results of the technical review confirmed a large gold system at the Pine Creek Property, and identified a new priority gold target that appears to be close to the central part of the gold system. This target is to the north of PCDD001.

The closed spaced MMI survey conducted at the Pine Creek Property found that most of the southern survey area was underlain by granite (represented by high and consistent Cerium values) and that PCDD001 was situated in a large gold zone immediately north of the structural granite margin (see Figures below).

The local presence of a significant granite intrusive is an important exploration criterion as 90% of gold deposits in the Pine Creek Orogen are located within 2.5km of granite contact when evaluated in 3D.

The figures below illustrate the granite domain in the south of the MMI survey on EL27732 and the large gold zone immediately to the north.



2012 Field Programme

An infill MMI survey is planned for the area to the north of PCDD001 to define new targets for drill testing.

Anomalous levels of each of the representative rare earth elements – Lanthanum (La), Samarium (Sm) and Yttrium (Y) - were encountered in PCDD001. Further investigation of these high rare earth responses will be conducted, including the re-assaying of the drill core for the entire suite of rare earth elements.

Pine Creek Tenements

There are 7 Exploration Licences comprising the Pine Creek Property in which St George Mining has an 80% interest. All tenements have been granted.

No tenements, in part or whole, were relinquished, surrendered or otherwise divested during the quarterly period ended 30 June 2012.

For further information, please contact:

John Prineas

Executive Chairman

St George Mining Limited

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COMPETENT PERSON STATEMENT:

The information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by Andrew Hawker of Hawker Geological Services Pty Ltd. Mr Hawker is a member of the Australasian Institute of Mining and Metallurgy has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking. This qualifies Mr Hawker as a "Competent Person" as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hawker consents to the inclusion of information in this announcement in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

St George Mining Limited

ABN

21 139 308 973

Quarter ended ("current quarter")

30 June 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(378)	(2,212)
(b) development	-	-
(c) production	-	-
(d) administration	(116)	(687)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	10	54
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - GST	31	27
- R&D Tax Incentive	-	694
Net Operating Cash Flows	(453)	(2,124)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(453)	(2,124)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(453)	(2,124)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,894
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Cost of issue	-	(118)
	Net financing cash flows	-	1,776
	Net increase (decrease) in cash held	(453)	(348)
1.20	Cash at beginning of quarter/year to date	1,219	1,114
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	766	766

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	140
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

	\$'000
Directors fees and remuneration	111
Accounting, bookkeeping and secretarial services	29

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

+ See chapter 19 for defined terms.

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	270
4.2 Development	-
4.3 Production	-
4.4 Administration	156
Total	426

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	766	1,219
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	766	1,219

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A			
6.2 Interests in mining tenements acquired or increased	E39/1655 E39/1666 E39/1667	Exploration Licence Exploration Licence Exploration Licence	- - -	100% 100% 100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	100	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 *Ordinary securities	63,018,000	37,773,000	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 *Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
- Options	48,041,000	48,041,000	0.20	28 November 2014
- Class A Options	450,000	-	0.20	28 November 2013
- Class B Options	450,000	-	0.25	28 November 2014
- Class C Options	600,000	-	0.40	28 November 2015
7.8 Issued during quarter				
- Options	-	-	-	-
- Class A Options	-	-	-	-
- Class B Options	-	-	-	-
- Class C Options	-	-	-	-

+ See chapter 19 for defined terms.

7.9	Exercised during quarter - Options	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>	-	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Sarah Shipway
Company Secretary

Date: 23 July 2012

Print name: Sarah Shipway

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

+ See chapter 19 for defined terms.

- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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